

Item 8 - Question Time

To the Leader of the Council

“Can you let me have an update on your efforts to persuade the Government/Treasury to reduce the principal and/or greatly re-schedule the interest payments on the £200m legacy borrowing incurred whilst providing the infrastructure which supported the oil industry during the 1970’s and 1980’s?”

It should be noted in this context that Government Revenues from Oil & Gas production totalled \$470 billion between 1970 - 2014 and much of this Production was extracted from structures built at Nigg and Ardersier, many of which are still operating today”.

Response to Mr D MacLeod

I and the Chair of Corporate Resources attended a meeting at the Treasury on 16 January 2018 and met with John Glen MP, Economic Secretary to the Treasury. This meeting was kindly arranged by Ian Blackford MP.

The Council’s case was sympathetically heard and it was agreed that Officers would discuss the wider principles with civil servants. These further discussions have taken place, involving the Director of Corporate Resources, but there was no indication that the Treasury would be able to offer any support. Loans from the Publics Work Loans Board are based on a fixed rate of interest, which is in turn fixed to the gilt market at that time. The PWLB is prevented under current statute from making a loss, and the impact of reducing interest rates or rescheduling loans would have that impact and effectively transfer a cost from local to central government. Civil servants also highlighted the difficulty of setting a precedent which other councils across the UK would wish to follow.

I will however continue to pursue the case for Highland at every opportunity with both Scottish and UK ministers.